



Bozeman Public Schools
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EXHIBIT 2
DATE 2/1/2013
HB 301
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February 4, 2013

Chair Hanson and House Education Committee Members:

Please support HB 301.

In general, a school district's debt capacity is currently 50% of the districts taxable value (TV) unless the district's TV/ANB is less than the statewide guaranteed Mill Value per ANB, in which case the limit is 50% of the statewide guaranteed value. Taxable Value is calculated as a percent of assessed value commonly referred to as Market Value. Over the years, in an effort to hold down property tax increases, the Legislature has continually lowered the percent that Market Value is multiplied by to get to Taxable Value. In 1990 Bozeman Schools Taxable Value was 4.7% of Market Value and today it is 2.7%. Cities and Counties figured this out a while ago and pursuant to 7-7-2101, MCA for Counties and 7-7-4201, MCA for Cities their debt limitation is 2.5% of Market Value. The chart on the back of this letter shows the comparison of 2.5% of Market Value to 50% of Taxable Value. Taxable Value has been held down by the Legislature in order to slow property tax increases that would have resulted from Market Value increases. Since our debt limit is tied to Taxable Value and not Market Value the formula changes have hampered our ability to keep up with growth.

House Bill 301 will bring our Debt Capacity close to what it would have been without the previous changes to the formula to calculate Taxable Value. If changes are made to that calculation in the future it may be wise to tie the Debt Capacity to Market Value instead of Taxable Value like it is for Cities and Counties.

Thanks to representative Halverson for bringing this important issue forward.

Steve Johnson,
Deputy Superintendent Operations

Bozeman Elementary School District #7

Debt Capacity using

50% of Taxable Value versus 2.5% of Market Value

